

# FISCAL NOTE

**Bill #:** HB0202

**Title:** Transfer regulation of financial institutions from Commerce to State Auditor

**Primary Sponsor:** John Cobb

**Status:** As introduced

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Sponsor signature	Date	Dave Lewis, Budget Director	Date
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## Fiscal Summary

	<b>FY2000 <u>Difference</u></b>	<b>FY2001 <u>Difference</u></b>
<b>Expenditures:</b>	No fiscal impact	

<b>Net Impact on General Fund Balance:</b>	0	0
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<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts

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## Fiscal Analysis

### ASSUMPTIONS:

#### **Department of Commerce**

1. The total Executive Budget for the 2001 biennium, which includes 28.25 FTE and personal services and operating expenses of \$1,524,920 in FY 2000 and \$1,541,955 in FY 2001, serves as the starting point for the Department of Commerce (DOC) Division of Banking and Financial Institutions budget, to determine any fiscal impact due to the proposed legislation.
2. The approved budget for the Division of Banking and Financial Institutions will be transferred from the DOC to the State Auditor's office.
3. The Division of Banking will remain at its current location.

(continued)

4. The effective date is October 1, 1999. Approximately 25% of the FY2000 Executive Budget request, or \$380,980, is assumed to remain with the DOC for the administration and maintenance of the Division of Banking and Financial Institutions in the first quarter of FY2000.
5. DOC fixed costs, as allocated and budgeted for in the Executive Budget for the Division of Banking and Financial Institutions for the biennium would become the responsibility of the State Auditor's Office.
6. Transferring the Division of Banking and Financial Institutions will impact the DOC's indirect supported services, specifically the Director's Office and the Management Services Division. It is estimated that approximately \$70,358 in FY2000 and \$93,632 in FY2001 will have to be charged to remaining programs within the DOC. Programs remaining within the DOC are supported by general fund, state and federal special revenue funds, and proprietary funds. It is assumed that there will be a legislative review of and adjustment to indirect costs budgeted in the general appropriations act towards the end of the session, reflective of all bills adopted, and the DOC would reallocate the increased indirect costs to programs remaining in the department.

**State Auditor's Office**

7. The approved budget for the banking division will be transferred from DOC to the State Auditor's Office.
8. The banking division will remain located in its existing location.
9. There is no fiscal impact to the State Auditor's Office.

FISCAL IMPACT:

**Department of Commerce**

	FY2000 <u>Difference</u>	FY2001 <u>Difference</u>
FTE	(21.19)	(28.25)

Expenditures:

Personal Services	(\$763,259)	(\$1,014,530)
Operating Expenses	<u>(\$380,432)</u>	<u>(\$527,425)</u>
TOTAL	(\$1,143,691)	(\$1,541,955)

Funding:

State Special Revenue (02)	<u>(\$1,143,691)</u>	<u>(\$1,541,955)</u>
TOTAL	(\$1,143,691)	(\$1,541,955)

Revenues:

State Special Revenue (02)	(\$1,143,691)	(\$1,541,955)
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**State Auditor's Office**

	FY2000 <u>Difference</u>	FY2001 <u>Difference</u>
FTE	21.19	28.25

Expenditures:

Personal Services	\$763,259	\$1,014,530
Operating Expenses	<u>\$380,432</u>	<u>\$527,425</u>

(continued)

TOTAL	\$1,143,691	\$1,541,955
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Funding:

State Special Revenue (02)	<u>\$1,143,691</u>	<u>\$1,541,955</u>
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TOTAL	\$1,143,691	\$1,541,955
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Revenues:

State Special Revenue (02)	\$1,143,691	\$1,541,955
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EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

LONG-RANGE IMPACTS:

TECHNICAL NOTES:

1. Section 81 of the bill specifies an effective date of October 1, 1999, for all sections except Sections 78 through 80, which are stated to be effective on passage and approval. However, Section 2 provides for an effective date of July 1, 1999, for the amendment to 2-18-103.
2. The proposed legislation transfers the Division of Banking and Financial Institutions from the DOC to the Office of the State Auditor at the beginning of the second quarter of fiscal year 2000. In the past, reorganizations and transfers have typically occurred on the first day of the first year of a biennium. This is often done to ensure program continuity, to ease financial reporting, and to provide a complete base year in one location.
3. Should HB202 pass language should be added to HB2 as follows: "The controlling agency is appropriated in each of the fiscal years 2000 and 2001 up to \$1 million of state special revenue that is deposited in the account established for the purpose of processing charter applications and for the chartering, examination, and regulation of each foreign capital depository that obtains a charter under the provisions of 32-8-205, MCA."